Rogers Sugar Reports Solid First Quarter 2024 Results Driven by Strong Performance from Both Business Segments

Rogers Sugar Inc.'s (the "Company", "Rogers", "RSI" or "our," "we", "us") (TSX: RSI) today reported first quarter fiscal 2024 results with consolidated adjusted EBITDA of $30.7 million.

"Continued strong domestic demand for quality refined sugar, as well as improvement to our Maple operations, combined to drive a solid performance in the first quarter of fiscal 2024," said Mike Walton, President and Chief Executive Officer of Rogers and Lantic Inc. "We are reporting strong financial results in the first quarter, despite the unfavourable effect of the labour disruption at our Vancouver sugar refinery that ended a few days ago. With this event behind us, we are confident in our ability to deliver improved financial results over the remainder of the year, demonstrating the robust fundamentals of our business."

First Quarter 2024 Consolidated Highlights (unaudited)	**Q1 2024**	Q1 2023
Financials ($000s)		
Revenues	**288,699**	261,443
Gross margin	**44,644**	41,191
Adjusted gross margin(1)	**42,319**	41,993
Results from operating activities	**26,110**	26,284
EBITDA(1)	**33,045**	32,713
Adjusted EBITDA(1)	**30,720**	33,515
Net earnings	**13,852**	14,674
per share (basic)	**0.13**	0.14
per share (diluted)	**0.11**	0.13
Adjusted net earnings(1)	**12,613**	15,347
Adjusted net earnings per share (basic)(1)	**0.12**	0.15
Trailing twelve months free cash flow(1)	**44,261**	57,985
Dividends per share	**0.09**	0.09
Volumes		
Sugar (metric tonnes)	**182,376**	192,849
Maple Syrup (thousand pounds)	**11,852**	11,819

(1) See "Cautionary statement on Non-IFRS Measures" section of this press release for definition and reconciliation to IFRS measures.

- Consolidated adjusted EBITDA(1) for the first quarter of fiscal 2024 was $30.7 million, a decrease of $2.8 million from the same quarter last year. Current quarter consolidated adjusted EBITDA(1) decreased as a result of lower adjusted EBITDA(1) in the Sugar segment, partially offset by higher adjusted EBITDA(1) in our Maple segment.
- On February 1, 2024, the unionized employees of the Vancouver sugar refinery, represented by the Public and Private Workers of Canada Local 8, ratified a new five-year collective agreement, following a strike that began on September 28, 2023. The unionized employees are in the process of returning to work and we anticipate the Vancouver sugar refinery to return to full production over the next few weeks. Throughout the labour disruption, production from our Taber and Montreal facilities have been used to support our customers in western Canada.
- Adjusted EBITDA(1) in the Sugar segment was $26.0 million in the first quarter of fiscal 2024, a reduction of $4.6 million compared to the same period last year.
- Sales volumes in the Sugar segment decreased by 10,473 metric tonnes to 182,376 metric tonnes in the first quarter, largely driven by the reduction of our activities at our Vancouver sugar refinery as a result of the recent labour disruption.
- Sugar segment adjusted gross margin(1) amounted to $199 per metric tonne in the first quarter of 2024 as compared to $195 per metric tonne for the same period last year, mainly due to higher contribution for sugar refining activities.
- Adjusted EBITDA(1) in the Maple segment was $4.7 million in the first quarter, an increase of $1.8 million from the same quarter last year, largely driven by higher average selling prices and lower operating costs.

- Adjusted gross margin percentage[(1)] in the Maple segment amounted to 10.3%, as compared to an adjusted gross margin percentage[(1)] of 7.7% for the same period last year, driven by higher average selling prices and lower operating costs following the implementation of automation and continuous improvement initiatives in the later part of fiscal 2023.
- In the fourth quarter of 2023, the Board of Directors of Lantic approved the expansion of the production and logistic capacity of its eastern sugar refining operations in Montreal and Toronto (the "Expansion Project"). The Expansion Project is progressing as planned and is expected to provide 100,000 metric tonnes of incremental refined sugar capacity to the growing Canadian market, at an estimated construction cost of approximately $200 million. We expect the incremental production and logistic capacity to be in service in the first half of fiscal 2026.
- Free cash flow[(1)] for the trailing 12 months ended December 30, 2023, was $44.3 million, a decrease of $13.7 million from the same period last year, as a result of higher capital expenditures, increase in interest paid, and higher deferred financing fees.
- On November 1, 2023, we amended our revolving credit facility, by extending the term to October 31, 2027, and by increasing the amount available for working capital and for the Expansion Project by $75 million to $340 million.
- In the first quarter of 2024, we distributed $0.09 per share to our shareholders for a total of $9.5 million.
- On February 7, 2024, the Board of Directors declared a quarterly dividend of $0.09 per share, payable on or before April 17, 2024.

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Sugar

First Quarter 2024 Sugar Highlights (unaudited)	**Q1 2024**	Q1 2023
Financials ($000s)		
Revenues	**229,808**	205,287
Gross margin	**36,490**	36,038
Adjusted gross margin[(1)]	**36,232**	37,661
Per metric tonne ($/ mt) [(1)]	**199**	195
Administration and selling expenses	**9,379**	6,635
Distribution costs	**6,086**	5,062
Results from operating activities	**21,025**	24,341
EBITDA[(1)]	**26,300**	29,053
Adjusted EBITDA[(1)]	**26,042**	30,676
Volumes (metric tonnes)		
Total volumes	**182,376**	192,849

(1) See "Cautionary statement on Non-IFRS Measures" section of this press release for definition and reconciliation to IFRS measures.

In the first quarter of fiscal 2024, revenues increased by $24.5 million compared to the same period last year. The positive variance was largely driven by higher average price for Raw #11 and higher contribution for refining related activities, partially offset by lower sales volume as a result of the recently resolved labour disruption at our Vancouver sugar refinery.

Sugar volume decreased by 10,473 metric tonnes in the first quarter of fiscal 2024 compared to the same quarter last year, driven mainly by the unfavorable net impact of the reduction in volume produced at our Vancouver facility attributable to the recent labour disruption.

- Industrial volume decreased by 3,631 metric tonnes or 3.3% as compared to the same quarter last year, as a result of the unfavourable impact from the labour disruption at our Vancouver sugar refinery.
- Consumer volume decreased by 505 metric tonnes or 1.8% compared to the same period last year, largely due to timing in demand from our eastern customers and the impact of the reduced operations at our Vancouver facility.
- Liquid volume increased by 701 metric tonnes or 1.7% compared to the same quarter last year, due to increased demand from eastern customers.
- Export volume decreased by 7,038 metric tonnes in the first quarter as we focussed our sales efforts on serving the domestic market throughout the recent labour disruption at our Vancouver facility.

Gross margin was $36.5 million for the current quarter and included a gain of $0.3 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $36.0 million with a mark-to-market loss of $1.6 million.

Adjusted gross margin was $36.2 million for the first quarter of 2024 as compared to $37.7 million for the same period in 2023. Adjusted gross margin decreased by $1.4 million for the first three months of 2024, due mainly to lower sales volume associated with the recently ended labour disruption at our Vancouver facility and higher production costs, partially offset by higher margin on sugar refining related activities. The overall impact of the labour disruption in Vancouver on the first quarter results is estimated at approximately $3.0 million and reflects the impact of lower sales volume.

On a per-unit basis, adjusted gross margin for the first quarter was $199 per metric tonne, higher than the same quarter last year by $4 per metric tonne. The favourable variance was mainly due to higher margin, partially offset by higher production cost, as compared to last year.

Results from operating activities for the first quarter of fiscal 2024 were $21.0 million, a decrease of $3.3 million from the same period last year. These results included gains and losses from the mark-to-market of derivative financial instruments.

EBITDA for the first quarter of fiscal 2024 was $26.3 million compared to $29.1 million in the same period last year. These results include gains and losses from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the current quarter decreased by $4.6 million compared to the same period last year, mainly due to lower adjusted gross margin, higher administration and selling expenses, and higher distribution costs. These variances include the impact of the labour disruption in Vancouver for the first quarter, estimated at $3.0 million.

Maple

First Quarter 2024 Maple Highlights (unaudited)	**Q1 2024**	Q1 2023
Financials ($000s)		
Revenues	**58,891**	56,156
Gross margin	**8,154**	5,153
Adjusted gross margin(1)	**6,087**	4,332
As a percentage of revenues (%) (1)	**10.3%**	7.7%
Administration and selling expenses	**2,761**	2,662
Distribution costs	**308**	548
Results from operating activities	**5,085**	1,943
EBITDA(1)	**6,745**	3,660
Adjusted EBITDA(1)	**4,678**	2,839
Volumes (thousand pounds)		
Total volumes	**11,852**	11,819

(1) See “Cautionary statement on Non-IFRS Measures” section of this press release for definition and reconciliation to IFRS measures.

Revenues for the first quarter of the current fiscal year were $2.7 million higher than the same period last year, driven by increased average selling prices.

Gross margin was $8.2 million for the first three months of the current fiscal year, including a gain of $2.1 million for the mark-to-market of derivative financial instruments. For the same period last year, gross margin was $5.1 million with a mark-to-market gain of $0.8 million.

Adjusted gross margin percentage for the current quarter was 10.3% as compared to 7.7% for the same period last year, representing an increase in adjusted gross margin of $1.8 million, mainly due to higher average selling prices and lower operating costs, following the implementation of automation and continuous improvement initiatives in the later part of 2023.

Results from operating activities for the first quarter of fiscal 2024 were $5.1 million, compared to $2.0 million in the same period last year. These results included gains from the mark-to-market of derivative financial instruments.

EBITDA for the first quarter of fiscal 2024 amounted to $6.7 million compared to $3.7 million for the same period last year. These results include gains from the mark-to-market of derivative financial instruments.

Adjusted EBITDA for the first quarter of fiscal 2024 increased by $1.8 million to $4.7 million, due mainly to higher adjusted results from operating activities, as explained above.

OUTLOOK

Following a strong performance in 2023, including our highest sugar volume, consolidated revenue, and adjusted EBITDA results to date, we expect this positive trend to continue and anticipate delivering higher consolidated revenue and adjusted EBITDA in 2024.

The continued strength in demand for sugar is expected to support organic growth for our Sugar business segment throughout 2024. We also expect the financial results of our Maple segment to improve during 2024, from improved market conditions and recently implemented production automation and continuous improvement initiatives.

Sugar

We expect the Sugar segment to perform well in fiscal 2024, despite the unfavourable impact of the recent labour disruption in Vancouver that ended on February 1. Underlying North American demand remains strong across all customer segments supported by favourable market dynamics. The expected increase in sugar margin from recently negotiated agreements will have a positive impact on our financial results, allowing us to mitigate the recent inflationary pressures on costs, and the lower sales volume caused by the recent labour disruption in Vancouver.

In the first quarter, the labour disruption reduced sales volume, resulting in an unfavourable impact on adjusted EBITDA of approximately $3.0 million. The Vancouver refinery produces approximately 17% of our refined sugar production volume. During the strike, the Vancouver sugar refinery has continued to operate at a reduced level, and we have leveraged our other facilities in Taber and Montreal to support our valued customers in western Canada.

The initial volume expectation for fiscal year 2024 was set at 800,000 metric tonnes, representing an increase of 4,700 metric tonnes compared to fiscal year 2023. Considering the recently ended labour strike in Vancouver and its impact on the volume delivered to customers, we expect our initial outlook to decrease by 10,000 metric tonnes, to 790,000 metric tonnes.

The harvest period for our sugar beet facility in Taber was completed in early November. We are currently in the processing stage and we anticipate completing the processing of the sugar beets received in early March. Currently, based on our early assessment, we anticipate the current crop to deliver between 105,000 metric tonnes and 110,000 metric tonnes of beet sugar, consistent with our expectations.

Production costs and maintenance programs for our three production facilities are expected to continue to be moderately impacted by the current inflationary market-based pressures, as we continue to focus on cost control initiatives throughout our operations.

Distribution costs are expected to increase slightly in 2024. These expenditures reflect the market dynamics requiring the transfer of sugar produced between our refineries to meet demand from customers, and some of the costs associated with servicing customers with imported refined sugar.

Administration and selling expenses are expected to increase in 2024 as compared to 2023, due mainly to market-based increases in compensation expenditures and external services.

We anticipate our financing costs to increase in fiscal 2024 due to higher working capital needs, mainly associated with the recent increase in Raw #11 price for the purchase of raw sugar. We have been able to mitigate the impact of recent increases in interest rates and energy costs through our multi-year hedging strategy. We expect our hedging strategy will continue to mitigate such exposure in fiscal 2024.

Spending on regular business capital projects is also expected to remain stable for fiscal 2024. We anticipate spending approximately $25 million on various initiatives. This capital spending estimate excludes expenditures relating to our Expansion Project, which are currently estimated at $70 million for fiscal 2024.

Maple

We expect financial results in our Maple segment to improve in 2024 over the prior year. The Maple segment financial results were lower than anticipated in fiscal 2023. This was due mainly to lower volume and lingering inflationary cost pressures. Although we expect these financial and operating pressures to remain in the first part of fiscal 2024, we forecast the Maple business segment to continue to benefit from automation and continuous improvement initiatives at our Granby and Dégelis plants. Such initiatives, combined with recently negotiated price increases, are supporting the anticipated recovery of our Maple business segment in 2024.

The expected sales volume for 2024 is stable when compared to 2023 at approximately 43.5 million lbs. The sales volume expectation reflects the challenging sector-wide market conditions, impacting the global demand for maple syrup and the current low level of maple syrup reserve held by the Producteurs et Productrices Acéricoles du Québec ("PPAQ"). The reserve of PPAQ has been depleted in recent years from below average crops.

Capital investments in the Maple segment have decreased significantly in recent years. We expect to spend between $1 million and $1.5 million annually on capital projects in this segment. The main driver for the selected projects is improvement in productivity and profitability through automation.

See "Forward-Looking Statements" section and "Risks and Uncertainties" section.

A full copy of Rogers first quarter 2024, including management's discussion and analysis and unaudited condensed consolidated interim financial statements, can be found at www.LanticRogers.com or on SEDAR+ at www.sedarplus.ca.

Cautionary Statement Regarding Non-IFRS Measures

In analyzing results, we supplement the use of financial measures that are calculated and presented in accordance with IFRS with a number of non-IFRS financial measures. A non-IFRS financial measure is a numerical measure of a company's performance, financial position or cash flow that excludes (includes) amounts or is subject to adjustments that have the effect of excluding (including) amounts, that are included (excluded) in most directly comparable measures calculated and presented in accordance with IFRS. Non-IFRS financial measures are not standardized; therefore, it may not be possible to compare these financial measures with the non-IFRS financial measures of other companies having the same or similar businesses. We strongly encourage investors to review the audited consolidated financial statements and publicly filed reports in their entirety, and not to rely on any single financial measure.

We use these non-IFRS financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-IFRS financial measures reflect an additional way of viewing aspects of the operations that, when viewed with the IFRS results and the accompanying reconciliations to corresponding IFRS financial measures, may provide a more complete understanding of factors and trends affecting our business. Refer to "Non-IFRS measures" section at the end of the MD&A for the current quarter for additional information.

The following is a description of the non-IFRS measures we used in this press release:

- Adjusted gross margin is defined as gross margin adjusted for "the adjustment to cost of sales", which comprises the mark-to-market gains or losses on sugar futures and foreign exchange forward contracts as shown in the notes to the consolidated financial statements and the cumulative timing differences as a result of mark-to-market gains or losses on sugar futures and foreign exchange forward contracts.
- Adjusted results from operating activities are defined as results from operating activities adjusted for the adjustment to cost of sales and goodwill impairment.
- EBITDA is defined as earnings before interest, taxes, depreciation, amortization and goodwill impairment.
- Adjusted EBITDA is defined as adjusted results from operating activities adjusted to add back depreciation and amortization expenses.
- Adjusted net earnings is defined as net earnings adjusted for the adjustment to cost of sales, goodwill impairment and the income tax impact on these adjustments.
- Adjusted gross margin rate per MT is defined as adjusted gross margin of the Sugar segment divided by the sales volume of the Sugar segment.
- Adjusted gross margin percentage is defined as the adjusted gross margin of the Maple segment divided by the revenues generated by the Maple segment.
- Adjusted net earnings per share is defined as adjusted net earnings divided by the weighted average number of shares outstanding.

- Free cash flow is defined as cash flow from operations excluding changes in non-cash working capital, mark-to-market and derivative timing adjustments, financial instruments non-cash amount, goodwill impairment and includes deferred financing charges, funds received from stock options exercised, capital and intangible assets expenditures, net of value-added capital expenditures, and payments of capital leases.

In this press release, we discuss the non-IFRS financial measures, including the reasons why we believe these measures provide useful information regarding the financial condition, results of operations, cash flows and financial position, as applicable. We also discuss, to the extent material, the additional purposes, if any, for which these measures are used. These non-IFRS measures should not be considered in isolation, or as a substitute for, analysis of our results as reported under IFRS. Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures are as follows:

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES TO IFRS FINANCIAL MEASURES

	Q1 2024			Q1 2023		
Consolidated results (In thousands of dollars)	**Sugar**	**Maple Products**	**Total**	Sugar	Maple Products	Total
Gross margin	**36,490**	**8,154**	**44,644**	36,038	5,153	41,191
Total adjustment to the cost of sales(1)	**(258)**	**(2,067)**	**(2,325)**	1,623	(821)	802
Adjusted Gross Margin	**36,232**	**6,087**	**42,319**	37,661	4,332	41,993
Results from operating activities	**21,025**	**5,085**	**26,110**	24,341	1,943	26,284
Total adjustment to the cost of sales(1)	**(258)**	**(2,067)**	**(2,325)**	1,623	(821)	802
Adjusted results from operating activities	**20,767**	**3,018**	**23,785**	25,964	1,122	27,086
Results from operating activities	**21,025**	**5,085**	**26,110**	24,341	1,943	26,284
Depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets	**5,275**	**1,660**	**6,935**	4,712	1,717	6,429
EBITDA(1)	**26,300**	**6,745**	**33,045**	29,053	3,660	32,713
EBITDA(1	**26,300**	**6,745**	**33,045**	29,053	3,660	32,713
Total adjustment to the cost of sales(1)	**(258)**	**(2,067)**	**(2,325)**	1,623	(821)	802
Adjusted EBITDA	**26,042**	**4,678**	**30,719**	30,676	2,839	33,515
Net earnings			**13,852**			14,674
Total adjustment to the cost of sales(1)			**(2,325)**			802
Net change in fair value in interest rate swaps(1)			**658**			46
Income taxes on above adjustments			**428**			(175)
Adjusted net earnings			**12,613**			15,347
Net earnings per share (basic)			**0.13**			0.14
Adjustment for the above			**(0.01)**			0.01
Adjusted net earnings per share (basic)			**0.12**			0.15

(1) See "Adjusted results" section of the MD&A for additional information

Conference Call and Webcast

Rogers will host a conference call to discuss its first quarter fiscal 2024 results on February 8, 2024 starting at 8:00a.m. ET. To participate, please dial 1-888-886-7786. A recording of the conference call will be accessible shortly after the conference, by dialing 1-877-674-7070, access code 805894#. This recording will be available until April 30, 2024. A live audio webcast of the conference call will also be available via [www.LanticRogers.com.](http://www.LanticRogers.com)

About Rogers Sugar

Rogers is a corporation established under the laws of Canada. The Corporation holds all of the common shares of Lantic and its administrative office is in Montréal, Québec. Lantic operates cane sugar refineries in Montréal, Québec and Vancouver, British Columbia, as well as the only Canadian sugar beet processing facility in Taber, Alberta. Lantic also operate a distribution center in Toronto, Ontario. Lantic's sugar products are marketed under the "Lantic" trademark in Eastern Canada, and the "Rogers" trademark in Western Canada and include granulated, icing, cube, yellow and brown sugars, liquid sugars, and specialty syrups. Lantic owns all of the common shares of TMTC and its head office is headquartered in Montréal, Québec. TMTC operates bottling plants in Granby, Dégelis and in St-Honore-de-Shenley, Québec and in Websterville, Vermont. TMTC's products include maple syrup and derived maple syrup products supplied under retail private label brands in approximately fifty countries and sold under various brand names.

For more information about Rogers please visit our website at www.LanticRogers.com.

Cautionary Statement Regarding Forward-Looking Information

This report contains statements or information that are or may be "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian Securities laws. Forward-looking statements may include, without limitation, statements and information which reflect our current expectations with respect to future events and performance. Wherever used, the words "may," "will," "should," "anticipate," "intend," "assume," "expect," "plan," "believe," "estimate," and similar expressions and the negative of such expressions, identify forward-looking statements. Although this is not an exhaustive list, we caution investors that statements concerning the following subjects are, or are likely to be, forward-looking statements:

- the estimated impact of the recent labour disruption at our Vancouver sugar refinery;
- demand for refined sugar and maple syrup;
- sales volumes for sugar and maple syrup;
- our Expansion Project;
- future prices of Raw #11;
- expected inflationary pressures on costs;
- natural gas costs;
- beet sugar production forecast for our Taber facility;
- growth of the maple syrup industry and the refined sugar industry;
- the level of future dividends; and
- the status of government regulations and investigations

Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual performance or results could differ materially from those reflected in the forward-looking statements, historical results, or current expectations.

Readers should also refer to the section "Risks and Uncertainties" in this current quarter MD&A and the 2023 fourth quarter MD&A for additional information on risk factors and other events that are not within our control. These risks are also referred to in our Annual Information Form in the "Risk Factors" section. Although we believe that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information as no assurance can be given that it will prove to be correct. Forward-looking information contained herein is made as at the date of this press release, and we do not undertake any obligation to update or revise any forward-looking information, whether a result of events or circumstances occurring after the date hereof, unless so required by law.

For further information

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